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The Readjustment of Industry in the United Kingdom

By C. DELISLE BURNS, M.A.¹

London, England

THE industrial problem during the transition from war to peace is only in part administrative. Especially in England, where the state has never entered into industrial life without hesitation, the problems of manufacture and commerce will probably continue to be dealt with by private enterprise. Even in the confusion which may result from the sudden end of a great war, the government official is not regarded as the best person to solve problems of industry; and therefore the activity of the central government is confined to supervision and regulation of industrial life. Our statement of the issues involved in the industrial transition is limited and defined by these facts, and we shall describe the problems and the solutions adopted from the point of view of administration and governmental policy and not from the point of view of commercial or financial interests.

GOVERNMENT PREPARATION FOR RECONSTRUCTION

Reconstruction has been recognized since early in 1916 to be one of the tasks of the Government which would necessarily follow the war. Under the Asquith Government of that date a Committee of the Cabinet was appointed in March, 1916 to consider the problems and to prepare a policy for the time which would immediately succeed the war. That Committee, with various sub-Committees, began the devising of a plan for demobilizing the army, discharging civil war-workers and other urgent after-war issues; but it also considered problems of permanent policy, such as housing, education and the rest.

At that time the great transformation of the engineering industry for the manufacture of munitions had not been completed, and the industrial problems of the future transition to peace appeared to be largely problems of the supply of labor. When the

¹ Mr. Burns is author of "Political Ideals," "The World of States," and "The Morality of Nations."—THE EDITOR.

Lloyd George Ministry took office at the end of 1916, the consideration of after-war problems was continued by the old sub-committees; until, in March, 1917, a Reconstruction Committee was appointed, consisting of persons of standing in social knowledge, and in industrial and political experience. This Reconstruction Committee was to advise the Government on after-war problems; and it continued to operate until August, 1917, when the Ministry of Reconstruction was created.² The old sub-committees continued to exist and new committees were appointed. The industrial problems had by that time become very complicated; and Dr. Addison, the first Minister of Reconstruction, who had lately been Minister of Munitions, was well aware of the difficulties which the immense production of munitions had created in the chemical and metal trades.

The investigation of the after-war industrial problems was considerably extended by the Ministry of Reconstruction. An Advisory Council to the Minister was appointed, which consisted of leading men and women, both on the labor side and on that of employers. The problems of Finance, Commerce, Transport, Raw Material Supply, and many others of a similar nature, were carefully considered; and a special committee was appointed to consider possible developments in the Engineering industry.

The policy of the Government, therefore, followed the same lines as had been adopted by the Asquith Government, in preparing a general scheme first for the transition problems and secondly for the more permanent problems of readjustment to peace conditions. There had been a Cabinet Committee of the heads of Executive Departments and afterwards an Advisory Committee of experts; and now there was a responsible Minister with a Department, and experts as advisors. The organization of the Department was based on the distinction between the different problems as far as they could be foreseen in 1917; and the method of work was still largely through the investigations undertaken or the advice given by Committees.³ Naturally, the Ministry was not

² New Ministries Act; 7 and 8, George V., ch. 44, of 21, viii, 1917. For the details of the work and organization of the Ministry of Reconstruction, see the *Annual Report*.

³ The following is a list of the chief Committees which deal with industry and commerce: Old sub-Committees—Agricultural Policy, Coal Conservation,

concerned with industrial and commercial readjustment only. Problems of social amelioration, housing, education and the machinery of government, were also dealt with, but here we shall be concerned only with that part of the work which was affected by and which affected industrial adjustment in war, and after war to peace conditions. The cost of the Ministry of Reconstruction was given in an official statement of June 17, 1918 in the House of Commons, in comparison with certain other costs; but it must be understood that the cost includes expenses of members of Committees:

<i>Department</i>	<i>Total Staff</i>	<i>Total Annual Cost</i>
Ministry of Munitions	16,809	£2,775,179
War Office	16,100	2,206,533
Ministry of Labour	5,763	756,268
Board of Trade	4,800	780,000
Ministry of Reconstruction	112	24,935

THE MINISTRY OF RECONSTRUCTION

The Ministry of Reconstruction formed, as it were, an outlook post before hostilities ceased. It had no executive powers and it was, therefore, dependent upon the older departments both for the knowledge which past experience had given them and for the carrying out of any measures which could be adopted while the war lasted. Most of the executive departments, however, were too much absorbed with the work involved in war organization to devote much time to the preparation of post-war policy; and in any case the problems of peace needed to be seen from some central point of view. Coördination of the inquiries preliminary to action by the executive departments was therefore necessary; and to this the Ministry of Reconstruction added the advice and experience of those who were outside government offices and were intimately acquainted with finance, commerce and industry.

When, at the end of October, 1918, it was clear that hostilities

Acquisition of Land, Demobilization of the Army, Relation of Employers and Employed, Civil War Workers, Demobilization. New Committees—Chemical Trades after the War, New Industries in Engineering, Supply of Raw Materials, Trade Combinations and Trusts, Currency and Exchange, Financial Facilities for Trade, Financial Risks in the holding of Stocks, Raw Material for Building, Financial Assistance for Housing.

would soon cease, the Minister of Reconstruction was able to present a definite scheme for demobilization and other transition measures to the Government; and immediately after the Armistice was declared, Dr. Addison made an announcement in the House of Commons of the chief points in the policy which the Government had decided to adopt;⁴ and various official notices in the Press were issued.

That is the history of preparations for solving the problems of the readjustment of industry. We may now review the problems themselves in greater detail and explain the machinery which was at the disposal of the Government for dealing with them. Obviously it was impossible to foresee all the difficulties which have arisen and many of those which will undoubtedly arise in the near future. It was clearly impossible, for example, to foresee the suddenness with which the war would end. But on the whole, the general situation, as we now know it, was foreseen and the preparations made have proved to be useful.

EFFECTS OF WAR

In order to understand the problem, however, it is necessary to review first the adjustment of industry to war conditions and then to describe the readjustment for the transition from war to peace; for industry of January 1919 was very different from industry of 1914, and it was the difference which made most of the difficulties. The industrial problem became gradually more complicated as the war grew longer. In the later months of 1914, it may have been possible to think of a mere restoration of the old situation as soon as the war ended. But by the middle of 1915, it became obvious that the proportionate strength of different industries was changing, that new developments were occurring in some industries and that it would be quite impossible, even if it were desirable, to go back to the situation of August, 1914. The markets of the world had changed, the old transport routes were closed or very much modified, the majority of the goods produced were different, and a great part of the available labor of the world was under arms. It was expected that the financial system would collapse, that the world would starve and

⁴ Hansard. Commot. November 13, 1918.

that the new situation could not last for more than three years. But an adjustment took place in the world at large and in the United Kingdom, until in 1918 the organization of life on a war basis seemed almost natural and great numbers had learned to take advantage of the changes which the new situation offered.

GOVERNMENT ACTION AFFECTING INDUSTRY

The changes in industry during the war may be distinguished into those which were due to Government action and those which were the consequences of the world situation. The latter began to operate in August, 1914, in regard to employment and this was the first obvious industrial problem which had to be dealt with. Shipping was dislocated, orders were cancelled, men left the works for service in the army and the general result was that works closed down and great numbers of men and women were unemployed. The general public appeared to be affected by the beginnings of panic in regard to foodstuffs and the common cry which was used to keep industry going was "Business as usual."

When the situation cleared somewhat, the cry was raised that we should take the opportunity to "Capture German trade"; and indeed it was obvious that the supply of the markets of the world was likely to be considerably modified by the naval situation. We need not, however, relate the victory of the industrial changes which immediately followed; for Government action in regard to industry soon became the most universal source of change.

The natural and non-administrative causes of industrial change were such as the diminished quantity of goods produced and the limited supply of transport. This began the general increase of prices which was speedily assisted by various methods of inflation. Hesitancy, uncertainty and a general ignorance of what the situation would be in the near future all caused industrial change; and none of these were directly due to governmental action. But social life is one system and it is perhaps too abstract to distinguish the natural from the administrative causes of industrial change. In any case we are here concerned only with the administrative Government action with regard to industry begun for the purpose of raising men for the army and increasing the supply of munitions. The first and ultimately the most important changes introduced had to do with "dilution" and Trade Union practices.

The immediate purpose was to increase the supply of labor for the metal and chemical trades and to make labor more "mobile." The increase of supply was to be obtained by the use, in engineering works chiefly, of women and unskilled men; and mobility was to be improved by removing the regulations by which the Trade Unions had hitherto preserved the interests of skilled men. The demand for soldiers and munition workers absorbed all unemployed, drew back into industry the older men who had retired, introduced boys and girls into industry before their normal time and, above all, caused a transfer from peace industries to war industries. This transfer was, naturally, due in part to other causes than Government action, as we have noted above; but the general result on employment may perhaps best be explained at this point. The following are approximate figures to show some of the changes which occurred:

Occupation	Men		Women	
	July, 1914	April, 1918	July, 1914	April, 1918
Building.	920,000	450,000	7,000	27,000
Mines and Quarries.	1,266,000	1,052,000	7,000	13,000
Metals.	1,634,000	1,849,000	170,000	555,000
Chemicals.	159,000	166,000	40,000	103,000
Textiles.	625,000	425,000	863,000	844,000
Total Industries (including others).	6,163,000	4,966,000	2,176,000	2,713,000
Agriculture.	800,000	589,000	80,000	89,000
Transport.	1,100,000	821,000	17,000	95,000
Total Occupations ⁵ (including others).	10,606,000	8,210,000	3,276,000	4,808,000

⁵ Shows an increase, excluding domestics, dressmakers, mercantile marine and a few others.

We may now look more closely into the nature of the Government action which partly effected these changes; and here the most prominent issue is that of the Government pledges in regard

to Trade Union practices. The customs and practices in regard to the amount of work to be done, the class of worker who was to operate a certain type of machine, and other such regulations enforced by the skilled Unions, restricted the output of war material. It has long been a tradition of employers that Trade Union customs and practices are restrictive; and output has long been the chief purpose to which employers of labor have devoted their minds. In the same sense, the shipowner usually regards regulations as to a load-line as restrictive; and he is more interested in the output of cargo than in the space for the crew. But all regulation can be regarded as restrictive from one point of view; and from the Trade Union point of view the restrictions were regulations aiming at reducing to order the chaos of the labor supply. The customs and practices were, therefore, believed to defend labor from exploitation and were to be supported on the same grounds as were the Factory Acts or the relevant parts of the Merchant Shipping Acts.

It was clear, however, that a fundamental difference in the *method* of regulation existed, in that Trade Union practices were enforced by the parties chiefly concerned and not by the State. The Government of the day accepted the idea that a larger output could most easily be obtained by the removal of all regulative restrictions on the use of labor; and the State led the way by withdrawing some of the prohibitions under the Factory Acts in regard to overtime, the labor of women and children and in regard to occupations hitherto classed as dangerous. Some of the reports of the factory inspectors indicate that employers often went further than was intended by the Home Office and paid no attention at all to the old regulations. But apart from the exaggerated devotion to output at all costs—to others (which is often held to be of the essence of good business management) there was a general feeling that the old preservation of health and life must be subordinated to the supreme national need. Industry was, therefore, considerably affected by the removal of the customary “inhibitions” and restrictions. The Home Office assisted in the negotiations leading up to various agreements between employers and employed in regard to pre-war customs. These agreements generally were to the effect that women might do work hitherto done by men; and this was agreed by Trade Unions in

the following among other trades—cotton, woollen, dyeing and bleaching, lace, wholesale clothing, gloves, boots and shoes, gold and silver, china, oil-seed, and baking. The terms of the agreements generally ran thus: "It is mutually agreed—that females may reasonably be employed upon certain operations hitherto ordinarily restricted to male labor—that this agreement is an emergency provision and shall have effect only during the continuance of the present war." It is clear, therefore, that so far as these "Home Office" agreements go, the parties do not depend upon any state action for the establishment or the abolition of substituted female labor. The effect, however, has been immense; and it cannot now be separated from the effect of changes in the munitions trades which were the direct results of Government action.

CHANGES IN TRADE UNION PRACTICES

Trade Union practices have been changed, united or abolished during the war in the munition trades as a result of: (1) the Treasury Agreements of March 19 and 25, 1915; (2) Pledges given by Mr. Lloyd George on June 23 and 28 and September 9, 1915, by Mr. Asquith on August 3, 1915, and by Mr. Montagu on August 15, 1915, each speaking for the Government; and (3) the Munitions Acts of 1915 and 1916. A preliminary agreement between the Engineering Employers Federation and many engineering Trades Unions is known as the Shells and Fuses Agreement of March 5, 1915; and this led the way to Government action in regard to engineering. The result was that women were substituted for men and unskilled for skilled men; processes were split up in order to be given to different types of workers; changes were made in methods of payment and hours of work; and the whole apprentice system was affected.

About 20,000 records of such changes are in the hands of some Trade Unions and of the Government and this hardly represents the actual number of changes made in the different engineering shops. But obviously the chief change has been in the substitution of female for male labor, or the "diluting" of skilled labor. Here, then, is an immense adjustment of industry in regard to labor, to which the Trade Unions concerned have agreed on the express and repeatedly emphasized condition that it is to last

only for the duration of the war. The readjustment to peace renders it necessary, therefore, to consider the whole question of Trade Union practices and particularly in the engineering industries.

Further changes during the war have been made through the Labor Department of the Ministry of Munitions. The mobility of labor from place to place was secured partly by the institution of War Munitions Volunteers and an attempt was made in the closing days of the war to regulate the supply of skilled men by a method which was unfortunately named an "embargo." But these do not constitute problems for the readjustment to peace since they are measures which had only ephemeral effects.

The Wages System was affected by the awards of the Committee on Production and by orders under the Munitions Act of 1917. In general it may be said that the change resulted in a form of compulsory arbitration during the war and the settlement of wage disputes by a Government Committee; further, the changes of rate were in the direction of raising the level of wages in most industrial occupations. The effect on the after-war problem is dealt with below; but here it may be said that (1) Government contracts made it easier to raise wages and (2) in some cases, as in Railways, the new rates of wages could not possibly be paid if the industry were to go back to its pre-war organization.

MATERIAL FOR INDUSTRY

In regard to material for industry, Government action increased the supply of steel, wood, leather and, latterly, foodstuffs. At the time when hostilities ceased material for munitions was controlled and distributed through the Ministry of Munitions, material for army clothing through the War Office Contracts Department and foodstuffs through the Ministry of Food. The control system may be reviewed under these heads.

After some preliminary action under the Defence of the Realm Acts, the Munitions of War Act of 1915 gave power to the Minister to take the whole output of any munitions factory or to take over and use such a factory. Under the same Act a special class of controlled establishments was arranged in which there was a limitation of profits to six-fifths of the pre-war standard. The whole of imported ores has been in the hands of the Ministry of

Munitions and the merchant, therefore, has been put aside during the war, in this matter as well as in regard to the contact between the maker of material and the user. Machinery and tools in engineering works have been rationed among the firms by the Ministry of Munitions; and the price given by the State has been based not on market conditions but on a "costings" system under which the firms were given what was deemed to be a "fair" profit. It will be understood, therefore, that there was considerable readjustment of those industries which supplied munitions of war; and even if on the termination of the war the engineering and chemical trades go back to their pre-war organization, the experience of the war and the experiments then made will not be forgotten. These experiments will probably continue to affect the industries in the future.

In regard to wool, the Government through the War Office Contracts Department purchased the whole of the Australian clip. This, with other special supplies, was used to provide army clothing for all the Allies and the residue was allocated for civilian use. The raw wool was actually owned by the British Government. The price was kept by purchase under large contracts lower than the general world-price and, therefore, the armies of the Allies were clothed more cheaply than they would otherwise have been. The manufacture of the woollen clothing, however, had also to be organized in order that the abnormal situation should not react unfavorably on the organization of the woollen industry. The industry is carried on chiefly in Yorkshire; it is highly organized there, both on the side of the employers and on that of the workers.

It was therefore found possible to set up, at Bradford, the Woollen Control Board consisting of eleven representatives of employers, eleven of Trade Unions and eleven of the State. This Control Board was attached to the War Office Contracts Department, but was an independent authority for the allocating of supplies of raw material to the different mills. And, in spite of the natural English opposition to Government interference, the Control Board appears to have proved itself satisfactory to those interested in the woollen industry. In its place at the cessation of hostilities a Wool Council was set up which is to carry on as long as necessary the supervision over the allocation of supplies

to the manufacturers. During the war about 93 per cent of the wool has been used for Government orders, and only 7 per cent has been left for civilian uses. This proportion will gradually be transformed as the armies are demobilized, but there has been no detailed announcement of the method by which the Government will put upon the market the wool of which it is still the owner.

The new Australian clip has already been purchased by the State; but it is uncertain whether the British clip will also be purchased and no one can yet foresee when free auctions of wool will again be possible. The policy of the Government is clearly to make as easy as possible the return to normal conditions of free private enterprise, without giving an undue advantage to any "interests" by abolishing at a stroke the war-time control.

In regard to leather, jute and flax the War Office Contracts Department have exercised a control of the same kind, but not so extensive. There have been large purchases of leather by the Government both in South and North America, for the manufacture of army boots. And leather, jute and flax have been rationed to the firms holding contracts for Government orders. The principle is in the main the same as that used in regard to wool; and it will be seen that the administrative action entirely depended upon the fact that the State was the purchaser and consumer of the finished articles. The operation of control in these cases, therefore, forms no precedent for the case of manufacture for private consumers.

Cotton, not being chiefly used for war purposes, was regulated not by the War Office but by the Board of Trade. A Cotton Control Board consisting of representatives of employers, of Trade Unionists and of the State regulated the distribution of supplies of raw cotton. In view of the shortage, only 60 per cent of the machinery was allowed to be used in each mill, except that more might be used on payment of a levy for a license. The money thus raised formed a fund for the supplementing of the wages of those whose work was diminished by the Order; and this has formed a basis for a possible future policy in regard to insurance by an industry against unemployment or under-employment.

CONTROL OF FOODS

Food and the raw material for foodstuffs are in a very unique position in regard to consumption for State Services and for private needs. Obviously, supplies of food for the armies of the Allies were as important as supplies of munitions. It was also necessary for the State that munition workers should have adequate food. But even in regard to civilian consumption, the State could not afford to be as disinterested as it might be, for example, with regard to the supply of lace or children's shoes. Although, therefore, the State Services were not the only nor even the chief users and consumers of foodstuffs, the State was compelled to take over in 1917 the whole control of the food supply. There were many changes of policy between the beginnings of panic in 1914 and the shortage and in maldistribution which led to the establishment of the Ministry of Food in 1916.⁶ Eventually the Food Controller issued Orders, enforced by about 1800 local committees which were appointed by the local authorities.

Under this system there has been governmental purchase in the world markets instead of private competition for imported supplies; there has been a costings system and examination of the books of firms, leading to Orders restricting prices and profits; and there has been control of flour mills and a reorganization of the whole distribution of foodstuffs. This has all been due to war shortage and war prices and may not affect readjustment problems; but it is obvious that the food supply trades will be for a long time affected by the results of control.

CONTROL OF TRANSPORTATION

Shipping had, latterly, at the end of the war, been under a requisition system; and all British ships were under control of a responsible Minister of Shipping. But it appears that no special problem of readjustment is likely to arise in the matter, since the disappearance of war dangers and war shortage may reduce policy to a mere removal of control.

Apart from special War-Time Ministries, the Board of Trade has exercised a considerable influence on industry through the control of railways and other land transport, petrol, coal, gas and electricity, cotton, timber, paper, tobacco and matches.

⁶New Ministries Act, Dec. 20, 1916.

The more important of these controls was obviously that affecting transport and power supply.

Considerable readjustment of industry occurred in regard to transport. Railways and canals were put under a unified control by the Railway Executive Committee, which was responsible to the Board of Trade; and there was a separate Executive Committee for the Irish railways. These Committees consisted of the managers of the chief railway Companies, who then organized on one plan the whole railway system. The receipts on the traffic of 1913 are guaranteed by the State to each Company. Passenger fares have been raised by 50 per cent at different dates; and the number of trains has been cut down. But immense quantities of troops and munitions have been carried without any detailed charge to the State.

COAL, EXPORTS AND IMPORTS

Coal-mining has been affected by the Coal Controller, under the Board of Trade. Action began by the attempt to restrict exports in May, 1915. Reorganization of coal distribution and the fixing of prices were then adopted and eventually the Board of Trade took possession of the South Wales mines in December, 1916, and of the rest in March, 1917, when the Controller was appointed. He regulated the production and distribution through the old management; and 95 per cent of profit in excess of the profits of the best two out of three years, or the best four out of six, before the war, were surrendered to the State. The result has been a raising of wages, and until the recruitment of miners in 1918 an increase of supply and an improvement in distribution. The Coal Mines Control Agreement (Confirmation) Act, 1918, continues the powers now exercised for six months after the war.

Trade has been affected also by the license of imports. The license has been a notice to the Customs authorities to allow the entry of goods, and although goods could be shipped they could not be delivered without a license. The Board of Trade and other Government Departments issued licenses for different articles; but here again readjustment to peace will mean little more than an abolition of war practices.

The Excess Profits Duty is another State measure of great importance to industry; but it is beside our point here to discuss it.

The problem for reconstruction is only whether the Duty has seriously diminished the supply of available capital for the necessary expenditure in meeting the new charges of the transition from war to peace.

The whole system of control within the United Kingdom is a part of the organization by which joint action was taken by the Allied Governments. And perhaps this inter-Ally control may eventually prove to be the greatest step forward which has been made during the war. Joint purchase by such bodies as the Wheat Executive, joint organization of distribution under the Food Council, are important experiments in the adjustment of industry and commerce through state action; but the description of the inter-Ally organization is outside our present purview. It is sufficient to say that the Inter-Allied Maritime Transport Council controlled the use of all ships owned or chartered by the Allied Governments. This Council was assisted by Programme Committees for the different commodities; and on these Committees agreement was arrived at as to the needs of the different countries of the Alliance. The Maritime Transport Council and the Food Council were the two supreme bodies for the organization of joint action; and to each was attached a permanent Secretariat which forms the link with the executive officers of the several Governments.

The whole of international trade and commerce had been affected by the Blockade system, the Statutory list, the withdrawal of ocean shipping and the lack of commodities due to war; but the inter-Ally organization was able to provide and increase the supply of munitions, food and raw material; and the results are not likely to be forgotten. Announcements have already been made of an Economic Council, and of arrangements for joint action between the Allies in view of the problems of supply in the early days of peace. But this is a matter of international or world politics; and we must confine our attention here to the United Kingdom.

Such are the chief measures which affected the adjustment of industry to war. The industrial situation on November 11, 1918 in Great Britain was different from that of August, 1914, chiefly in the following particulars:

SUMMARY OF THE SITUATION ON NOVEMBER 11, 1918

(a) There were new Departments actually trading or directing manufacture and trade, such as the Ministry of Munitions, the Ministry of Food and the Ministry of Shipping.

(b) There were Control systems affecting manufacture and trade.

(1) Under the War office, for wool, jute, flax and leather.

(2) Under the Board of Trade, for timber, petrol, matches, tobacco and notably for coal and railways.

(c) Wages were high and so also was the cost of living.

(d) Certain industries held much labor, notably metals and chemicals, while certain others, as cotton, building, etc., had comparatively few.

(e) There were about one million more women in industry.

(f) There was practically no unemployment, except in so far as the coal shortage was causing the factories to slacken production

The new situation may be viewed from two angles. We may note either the effects on industry or the effects on the State; but clearly it is too soon to make any complete conclusions as to effects which may only be apparent after the confusion of war is over. Industry and commerce have been affected perhaps chiefly by the obvious advantage of centralized organization. In many trades new Associations and Federations have been formed; and undoubtedly State-control has promoted the pre-war tendencies to Combinations and Trusts. Even more fundamental results may be observed, although perhaps their true nature may not be agreed upon by Economists and Political Theorists. It seems, however, that serious disbelief has arisen in the old attitude of Economists who "explained" the rates of wages, the profits or the price of goods by reference to large and high-sounding principles. It is now more than suspected that wages and prices are the results of what in vulgar terms may be called "a try on." The whole system is seen to be empirical. Wage-earners get what they will take, and the whole economic structure is seen to be based upon political or social traditions and that acquiescence and docility which Lord Bryce said long ago was the foundation of the State. As for the State, the effect of its contact with industrial life was not, at the end of the war, to increase the love of it among the

general body of citizens. At one time both employers and employed were united in sentiment against governmental action. Nevertheless, public opinion has supported State action directed against any persons or groups who might make private gain from the political situation, and against the use for private ends of commodities needed for public work. "Profiteering" is a word now established and people are less inclined than before to resent such regulation as the prohibition of the use of petrol for pleasure or of building for luxury. All these somewhat intangible effects of the war adjustment of social life and industry will undoubtedly make a considerable difference to State action in the future. We may now turn to the reconstruction policy. The measures taken to assist in the readjustment of industry to peace conditions may be summarized under the three heads of labor, material and finance. The labor situation depends largely upon the transfer of workers from war-work to peace production and upon the order and rate of demobilization of men from the forces. Arrangements had been made for both of these; and following on the declaration of the Armistice, a succession of announcements were made in Parliament and the Press.

READJUSTMENT OF LABOR

Civilians. The principle adopted with regard to civilian war-workers was that of gradual discharge. First, those who did not depend for their living on the work they were doing were asked to withdraw from munition factories or were given notice of dismissal. Then the break clauses in the contracts for ammunition and some other war-material were put into operation; and contractors began to discharge workers. Women and disabled men seemed to the general public to be sufferers under this plan; and for a time there were protests and wild suggestions that the manufacture of munitions should be continued until other work was obtainable by those likely to be discharged. The Government policy was, however, clearly inevitable. It was unwise to use material needed for peace products in the manufacture of useless shells and bombs; and, further, there was not enough storage space for more ammunition when none was being shot away at the front.

Industry, however, was not ready to take over the workers released from the manufacture of munitions. General unemploy-

ment was, therefore, to be feared; and in fact great numbers of those discharged could find no new work. Hence it was that the universal free Unemployment Benefit was established for all workers who come under the National Health Insurance Act of 1911. Before the war about 2,292,000 men and women were insured against unemployment under the contributory scheme. That scheme was extended to cover about 1,140,000 more men and women by the Munitions of War Act, 1917; but there were at the end of the war about 10,000,000 workers uninsured against unemployment, and there was clearly no time to establish the administration of a contributory scheme.

It was, therefore, decided that the State should offer free unemployment benefit to all workers for thirteen weeks during a period of six months after November 25. The rate, after some readjustment, was 30 shillings a week for men and 25 shillings for women, with 6 shillings a week for the first dependent child and 3 shillings a week for every other dependent child. This was obviously a very much higher rate than the old 7 shillings and 6 pence per week; but the cost of living was great, wages were high and unemployment was affecting even the higher paid workers.

We need not, however, discuss here the effect on the workers. The reaction on industry is hardly yet known; but on the whole the policy has provided a "waiting time" during which machines can be refitted, prices can be readjusted to the new situation and peace production can begin. Unemployment Insurance is an administrative method used to ease the change over from war to peace. It is not essential perhaps in countries where industries have been less affected by war conditions than they have been in Great Britain; and it may be quite an inadequate method if the industries of a country have been too completely dislocated to revive of their own initiative. But in Great Britain it has been adopted as a partial solution of the transition problem in regard to labor.

The second problem of labor in regard to civilian war-workers is the problem of finding employments for them where they were actually wanted; for although many were unemployed, some employments were open. But the only machinery available for placing workers in employment was that of the Employment Exchanges. It was foreseen that the old system would be quite un-

able to bear the strain which would follow the war and therefore, (1) an Act was passed giving the Minister of Labor power to expand the premises and staff of the Exchanges, (2) special arrangements were made that the Army should release immediately all Employment Exchange officials and (3) a Controller General of Demobilization and Resettlement was appointed, under the Minister of Labor. The Department of the Controller General became responsible for the whole labor situation during the resettlement of workers in industry.

The Army. We may now turn to the demobilization of the forces since from our present point of view this also is a labor problem of the readjustment of industry. The Committee on the Demobilization of the Army began its work in the summer of 1916. It devised a plan on which the policy of the Government was eventually based in October, 1918. At first it was not clear whether demobilization should take place according to military units, age and length of service or the needs of industry; but the Committee decided that the Army must be demobilized in an order and in numbers dependent upon the industrial situation when the time came. An order of priority of occupations in view of public needs was therefore prepared. It was agreed that coal-miners and transport workers, for example, were to be demobilized before hairdressers or salesmen; and arrangements were therefore made to demobilize the men, in equal proportions from abroad and from the army-at home, in accordance with their occupations. But before general demobilization could begin, clearly industry could not be readjusted unless men specially skilled to fit machines or specially trained as organizers and foremen were released from the Army. These men were called "pivotal" because the occupations of other workers turned upon their being in their places. Employers were, therefore, permitted to make lists of such men and to obtain their immediate release.

Unemployment. In view of possible unemployment among ex-soldiers, free Unemployment Benefit of the same kind as that applicable to civilians was offered to them. But the Unemployment Benefit was to date, not from November 25, but for six months from the day on which each soldier was demobilized. Furlough and war-service gratuities existed in addition; but these details hardly affect the industrial situation.

Wage Regulation. The wages problem left by the war was another preliminary problem of the transition. Wages in many occupations had risen considerably, and women's wages particularly were, in general, higher than they had been before the war. Prices also were high and it was agreed by many and believed by still more that the cost of living had risen much more than the rates of wages. In any case it was obvious that trouble would result if wages were lowered while prices remained the same. But it was clearly possible that, whereas during the war there was a shortage of labor, when munitions work ceased there might be a surplus of labor. Even if the situation were simply of this economic kind, the State would have been compelled to deal with it; but the additional problem existed that the State itself had maintained the higher rates of wages.

Awards of the Committee on Production and Orders under the Munitions Act had made it possible to enforce the payment of certain rates of wages for munitions work. These Awards and Orders had also affected the rates for work which was not munitions work. But if munitions work ceased, there would be no method of maintaining by law the existing wage rates; strikes would result from the effort to prevent a general fall in wages. Again the Munitions Act might cease to operate before any readjustment of wages had been agreed upon. For these reasons a Committee was appointed to consider what should be done in regard to wages under Awards and Orders; and the result was the speedy passing of the Wages (Temporary Regulation) Act of November 26, 1918.

By this Act it was made possible to enforce the payment of the wages generally prevailing on November 11, 1918, the day of the Armistice. A tribunal, of the same form as the Committee on Production, was established for judging the rates of wages and making any variations necessary. And it was made illegal for six months to vary the rate of wages except by agreement with the Trade Unions concerned.

It is not possible yet to pass judgment upon the results of the Wages Act. It was foreseen that, on the one hand, employers might be unable to pay the prevailing rates when Government contracts were withdrawn, more especially as during the war any increase of wages had been born by the Government in the price it

paid on its contracts. The new Act might, therefore, cause dismissals and unemployment.

But on the other hand it was believed by many that employers would be willing to pay well in order to have tranquility during the transition and that a high rate of wages would be more acceptable generally than uncertainty and fluctuations in the rates. Employers would be able to calculate their costs if they were certain of the rates of wages they would have to pay. And thus, in the readjustment of industry the State has had a considerable effect upon the situation in regard to wages.

A further preliminary problem of the transition, as may be imagined from what has been said above, was the restoration of Trade Union practices. It has been seen that the Government is pledged to restore these practices; and yet it is generally felt that industry has changed so much that they cannot be restored. It is said that the very machines and processes on which these practices have been based have disappeared. This, however, has been exaggerated. Nearly all the disappearance is due to the repetition work on shells and fuses; and the new machines and processes are not all permanent or useful for peace. But the problem of readjustment to peace does not lie there. The problem is not whether practices can be restored; it is whether the Trade Unions concerned shall or shall not regain the power with which they parted on receiving the Government's pledge and in the national interest. They once had the power to regulate the supply and distribution of labor; are they to regain it? If they are, they must be given the power to enforce the restoration of pre-war practices, as a basis for bartering. They must be able to restore even if they do not wish to do so in order that they shall have some say in the organization of labor in the new industrial situation. And undoubtedly the skilled Unions do not desire to put back the clock. They recognize the impossibility of a mere return to 1914; and they only desire to have power to substitute what they desire for that older situation. It became necessary, therefore, for the Government to prepare a Bill for the restoration of Trade Union practices which might be made a basis for an agreement between the employers and the workers concerned.

READJUSTMENT OF MATERIAL

In spite of all preparations for an orderly transference of workers from war occupations to peace industry, the crux of the situation was at one time the supply of material and machinery. In a highly industrialized society occupations depend upon much more subtle factors than in an agricultural or single society. The difficulties were foreseen. The Ministry of Munitions, as soon as hostilities ceased, began to issue permits to use material and tools hitherto controlled. The price of steel was kept under control in order that private firms might obtain enough at reasonable cost. But most of the metal supplies were at once freed.

The remaining problems were those of supply and allocation in the cases in which there was a shortage of material. As for supply, a Central Raw Materials Board, consisting of Cabinet Ministers, was appointed to deal, for the War Cabinet, with the securing of supplies. Through the Board of Trade and the Colonial Office, arrangements were made for the control by British interests of zinc concentrates and lead. A Government buyer of timber still continued to purchase abroad for the needs of peace, but the control of purchase of timber in England was removed.

As regards textiles, wool continued for the transition to be under the control we have already described and an arrangement was made for the export of jute from India only under license. Egyptian cotton was purchased by the Government, and the war arrangements with regard to American cotton are understood to be continued for the transition. Then, in regard to supply for the readjustment of industry from war to peace, the State acts as a purchaser in some cases of foreign material; and in some cases the State has made special arrangements for the control of supply to remain in British hands.

There remains the problem of distribution. Before hostilities ceased and while the position that would succeed was still obscure plans were made for carrying on in a modified form the control of raw material supply which had existed during the war. A Standing Council on Priority was established in connection with the Ministry of Reconstruction, which was to be the final authority under the Cabinet for the allocation of materials to the different industries. Each industry was to present a joint requisition to the Standing Council and the distribution of the material allocated

was to have been managed by the industries themselves, on the principle followed in regard to wool and cotton. Some valuable and important work was done by the Standing Council immediately upon the cessation of hostilities, but it soon became clear that tonnage and supplies were adequate for the operation of the normal trade machinery and State control and allocation were, therefore, soon discontinued.

The more permanent problems of readjustment are still unsolved. Committees have made recommendations on coal conservation and on electric power supply; but it is not a part of our present task to review suggestions. It appears that some action is being taken which may be preparatory to a large scheme of electric power supply for the whole of Great Britain; but the scheme is only at its initial stage. Experimental borings, with a view to developing mining resources, have begun near Lough Neagh in Ireland; but here again the action taken is hardly sufficient to warrant description in an account of industrial readjustment. The development of light railways in rural districts seems to be another of those schemes which may have a large future, but are at present indefinite.

The building trade was left by the war in a difficult position. There was a serious shortage of houses for the working classes, amounting to a need for about 500,000 houses in England, Wales and Scotland. Public and commercial buildings had not been erected during the war; and even repairs had been very inadequately done. But there was a smaller number of workers in the trade than in 1914; and there was a serious shortage of material—stone, brick and timber. For this reason the Ministry of Reconstruction set up the Central Building Industry Committee to deal with the reorganization and the needs of the building trades.

State assistance was recommended for the dye industry,⁷ and a Committee has been established to develop the scheme.⁸

The Engineering (New Industries) Committee has compiled a list of articles which were not made before the war in the United Kingdom or were made in insufficient quantity. This list and the Report of the Committee may be considered as examples of State assistance in the spreading of information; but no further State action in regard to engineering appears to be contemplated.

⁷ *Cd.* 9194.

⁸ See below Announcement of January 11, 1919.

Under the general heading of material we may consider the storage problems and the national factories. It was clear that industry and commerce, as soon as hostilities ceased, would need the storage space used during the war for war-material. The facilities for storage were essential to the movement of commercial products, and State property blocked the way. It became a part of reconstruction, therefore, to find space in warehouses and sheds. Ordnance and other stores were transferred from commercial warehouses to some of the largest national factories, notably those at Chilwell, Aintree and Georgetown; and the Port and Transit Committee have executive powers for disposing of storage space. In addition, when hostilities ceased, the State was owner of large quantities of stores and other property.

The Ministry of Reconstruction, therefore, carried on the Committee appointed to consider the problem of Government property, other than ships and factories. This led eventually to the establishment of an executive Surplus Government Property Disposal Board, which received all inventories and information collected by the Committee on the subject, and carried out the recommendation of the Committee by entering into negotiations and making contracts for the disposal of such property. Under this head come Army horses and mules, motor vehicles and agricultural stores; and the ultimate responsibility for all disposal of stores was given to the Ministry of Munitions which, it is presumed, will become a Ministry of Supply. The further problem remained as to the disposal of National Factories. The State, during the war, through the Ministry of Munitions, had expanded the engineering industry by building and equipping various factories. Some of these were hardly more than sheds, for shell-filling; others had the best and newest machinery for the making of such things as aeroplanes. Some were on ground owned by the State, others were closely connected with or even inside the grounds of private factories. Some were isolated; some were in vast groups, as at Gretna; and all were classed as National Factories.

This led to some misunderstanding among the public who happened to be interested and many schemes were suggested for the policy in regard to these factories. It might be possible, according to some, for the State to manage the factories for commercial production or for the supplies needed by the central

Government and the local Authorities. It might be possible to use some factories for research or for training or as educational establishments. On the other hand, strong influences were against the entry of the State into competition with private industry; and some factories had been built under contracts of transfer after the war. The details cannot be given here. But the whole position was received by the Ministry of Munitions and the factories were dealt with individually. The State has not adopted any policy of a general character which makes any striking departure from old practices; and therefore we may omit further description of the problem.

In regard to ships, the State owned about three hundred "Standard" ships of about 10,000 tons, at the cessation of hostilities. These were gradually disposed of to private owners by the Ministry of Shipping.

Agriculture may not be strictly an industry, but in the general readjustment of industrial life the occupations in rural districts were obviously important. They were investigated by a special Committee whose report has been published, and by a branch of the Ministry of Reconstruction; while, naturally, the Board of Agriculture continued its normal work. The result has been the Corn Production Act of 1917, fixing a guaranteed price for corn and establishing a Wages Board, with subordinate Local Boards, for fixing minimum wages in agriculture.

This will obviously result in a permanent change of the situation in rural districts. The Workers Union and the Agricultural Laborers Union are much stronger than they were; and if, as is expected, a certain number of ex-soldiers settle on the land, the position in rural districts may affect the whole of industrial life. It is suggested that the distribution of electrical power, under the new scheme elsewhere mentioned, would make alternative employments and small industries possible in country districts. But in general no action has been yet taken which we can class as readjustment.

Progress has been made with regard to forestry and an Interior Forestry authority has been established, which controls the expenditure of a grant of £100,000 for the training of experts and the making of surveys. A large scheme for the development of forestry in the United Kingdom is foreshadowed.

THE READJUSTMENT OF FINANCE

The great difficulty of readjustment in many cases of private firms was that either orders were not forthcoming or there was not enough money in hand to begin the current expenses of manufacture. The cotton trade, for example, was held up from an immediate return to its peace production by the uncertainty of markets in the East. And the public at large, as well as the retailers, were inclined to wait for prices to drop. On the other hand the large Government contracts during the war had accustomed many manufacturers to expect Government assistance, even of a financial kind; and the problem was much canvassed whether the State should assist financially in the re-starting of private industries.

The Committee of the Ministry of Reconstruction on financial problems dealt with very wide problems of exchange and currency and it was recommended that the effective restoration of the gold standard should take place as soon as possible.⁹ The effects of the Excess Profit Duty were also considered; but in all these matters, although investigation was made and close communication with the business world was maintained, no State action took place which can be regarded as having affected the readjustment of industry.

JOINT INDUSTRIAL COUNCILS

The action of which we have so far spoken has been in view of emergency problems of the transition. Unemployment Benefit and Resettlement are urgent post-war problems, but they are transitory; and the readjustment of industry, if it is to be at all effective, must be the result of more fundamental changes. The situation of 1914 could not be restored by any means; but the new situation would not be better, unless some effort were made. And this was the reason why the old Reconstruction Committee and the Ministry of Reconstruction devised what are now known as Industrial Councils. This has made a change in the general situation; and perhaps the other large change affecting industrial life is the creation of the new Department of Overseas Trade.

We omit, for our present purpose, changes of a non-administrative character and changes which have had a non-governmental

⁹ *Cd.* 9182 and *Cd.* 9227.

source such as the new federations and associations of employers and the new movement among the workers such as the Shop Rewards movement.

In the administrative sphere the readjustment of industry as regards permanent policy may be summarized under the heads of Industrial Councils and Overseas Trade. Industrial Councils have been already formed for the following industries: Baking, bedsteads, bobbin-making, chemicals, china clay, furniture-making, gold, silver and jewelry, hosiery, leather goods, watches, paint and varnish, pottery, rubber, saw milling, silk, vehicle building. In each of these industries representatives of employers and workers are consulting together on points of general interest to the industry. This may not be a revolution. It may come to nothing. But it may, on the other hand, be a beginning of a new organization of industrial life; and in any case it is becoming more possible to forestall disputes and to allow the workers a share in the control of working conditions.

In addition to the Industrial Councils already formed, there are many conferences and committees aiming at the formation of new Industrial Councils and even in those industries such as engineering and railways, in which there is no immediate prospect of a joint Council, the same movement is making itself felt. The formation of all joint Industrial Councils is voluntary and the Government does not use any pressure; but the duty of supervising and assisting, when required, is given to the Ministry of Labor. A section of that Ministry keeps in touch with the industries in view of the possibility of Joint Industrial Councils.

The Council of an industry is a national body; but generally there are also District Councils, subordinate to the National Council; and in a special relation to both stand Works Committees, which are part of the whole structure of the new organization. A valuable report on Works Committees has been published by the Ministry of Labor; and a parallel movement in the United States Army seems to have resulted in the formation of Committees in the works of the Bethlehem Steel Corporation. The idea is an old one; and it is not eventually connected with Joint Industrial Councils. But it forms a part of the permanent readjustment of industrial relations and with this the State is very much concerned; for on a Works Committee the workers gain control of

their working day, they may control dismissals and they have a very real training in self-government. Industrial autocracy is, therefore, passing; and its passing will strengthen political democracy.

The departmental history of the idea of Joint Industrial Councils is interesting, chiefly because it is part of the general preparation for post-war problems. A sub-Committee of the Reconstruction Committee continued under the Ministry of Reconstruction was appointed to consider the relations of employers and employed. Mr. Whitley, the Deputy Speaker of the House of Commons, was chairman; and the sub-Committee contained representative employers and workers. This body suggested the formation of Joint Industrial Councils to perform such functions as the following:

(i) The better utilization of the practical knowledge and experience of the workpeople.

(ii) Means for securing to the workpeople a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.

(iii) The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry.

(iv) The establishment of regular methods of negotiation for issues arising between employers and workpeople, with a view both to the prevention of differences, and to their better adjustment when they appear.

(v) Means of ensuring to the workpeople the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

(vi) Methods of fixing and adjusting earnings, piecework prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph (iii).

(vii) Technical education and training.

(viii) Industrial research and the full utilization of its results.

(ix) The provision of facilities for the full consideration and utilization of inventions and improvement designed by workpeople, and for the adequate safeguarding of the rights of the designers of such improvements.

(x) Improvements of processes, machinery and organization and appropriate questions relating to management and the examination of industrial experiments, with special reference to coöperation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.

(xi) Proposed legislation affecting the industry.

The Government accepted the recommendations of the Whitley Committee, and gave to the Ministry of Labor the task of following up the policy suggested. Thus the Ministry of Reconstruction was able, while the war continued, to begin the reorganization of industry in view of post-war problems.

THE DEPARTMENT OF OVERSEAS TRADE.

The other change which may affect industry more permanently is the creation of the Department of Overseas Trade. This was the result of reports on the relation of our diplomatic and consular services abroad in connection with our Board of Trade organization at home.¹⁰ It is intended that the State, through the new department, shall more actively assist the foreign trade of the country. And this, although not a revolutionary change, has done something towards the readjustment of British industry to meet the needs of the after-war situation.

FUTURE RELATION OF GOVERNMENT TO INDUSTRY

These changes must be regarded simply as examples of what is being done for the readjustment of industry from war to peace, in so far as that readjustment is connected with administrative action. Obviously there are many movements occurring outside the purview of the Government which may make an even greater difference to future industry and commerce than any action of a political kind. And still more obviously there are many issues of a political kind still undecided, in regard to tariffs, essential industries, State manufacture, nationalization and State control. But we have omitted the discussion of suggestions and programs not yet accepted by the Government. Our subject has been largely historical. It is a record of accomplished fact; and the value of what has been done will be more easily estimated when the transition from war to peace has been accomplished.

But it seems clear that in the United Kingdom the preparation of policy is now regarded as essential to government and that it is now regarded as natural to prepare beforehand for future problems of peace as states have always prepared for war.¹¹ We have

¹⁰ *Cd.* 8815; 8715 and 8181, on the Reorganization of Commercial Intelligence Services.

¹¹ *Cf.* the valuable report on the Machinery of Government, *Cd.* 9230.

become much more conscious than before of the working of those economic forces on which depends the supply of our food and clothing; and we are much less willing than before to acquiesce in the method or want of method which we have inherited from our grandfathers.

It is difficult to make any adequate general statements as to the policy pursued either in the industrial adjustment to war conditions or in the readjustment to peace. The first and most striking point which can be made is that there was practically no preparation for the immense changes which the war caused in industry. It was inevitable that no preparation should have been made; for no one had imagined that the possible war of the future would be so far-reaching in its effects. But the result was that the adjustment of industry was irregular, often inconsistent in its parts, and above all—opportunistic.

Particularly in regard to the production of munitions, the action of the State depended rather upon separate solutions of difficulties as they arose than upon a consistent policy. But this does not imply adverse criticism of what was done; for it is impossible to conceive of a policy which could have been designed beforehand to meet the situation of 1916 and 1917. On the other hand, an attempt has been made to prepare industry for the readjustment to peace. We had the peace situation of 1914 as a definite starting-point for calculation and we could foresee some of the larger problems that would arise when hostilities ceased.

In the second place it may tentatively be suggested that State action in regard to the readjustment of industry to peace conditions follows the English precedent of the removal of the State from the industrial and commercial field. In a sense we are going back to August, 1914; that is to say, we are to depend on non-governmental organization for the supply of food, clothing and common services.

State socialism will not result from the war, at least in England. Indeed the experience of State action during the war has resulted in a very general suspicion of, and even hostility to officials. But opinion is the basis of government. The readjustment of industry will, therefore, mean a withdrawal of the State into a prescribed circle of activities; and on the other hand government

by business men will cease to be accepted, as the sphere of political organization becomes more distinct from that of commercial and financial activities.

Thirdly, although the State withdraws from the industrial field it will not, therefore, become less powerful. There is a general feeling that the State can do very much more than it has done in the past. The State may not manufacture or sell goods, but it may control much more completely than before the conditions under which goods are produced and distributed. In considering the readjustment of industry we must allow for this. The alteration to state socialism or state ownership is not necessarily "go as you please."

Nor is the State concerned only with punishing crimes or correcting abuses which have already arisen. Common opinion will certainly support supervision, prevention and direction on the part of the State; and, therefore, in the readjustment of industry there will be a forestalling of possible abuses by State action in regard to the length of the working-day, holidays, dangerous trades, workshop control, and even perhaps the limitation of profits and the control of trusts and combines. But all this is hypothetical. A tendency and nothing more at present exists in this regard. No definite actions can be cited. It is, however, obvious that among the soldiers as well as among the civil population there is a strong feeling that we should not go back to the industrial conditions of 1914.

Fourthly, the State has made considerable advances during the war in the organization of joint action with other states. Inter-allied controls may, indeed, disappear as soon as the normal operation of economic forces is restored; but what has been learned cannot altogether be lost. We omit here to discuss non-industrial or non-economic joint action; but in so far as inter-allied joint action has affected supply and distribution, it is clear that a new stage has been reached in political development. The traditional belief of theorists appears to have been that economic forces might be either state controlled or "free."

But quite obviously these two are not the only possibilities which exist. There might be a dangerous control by great interests, which are often operative outside and across the frontiers of any one state; and indeed a certain amount of such control

exists in normal times and has renewed growth in times of war. It is against this, and not against "freedom," that inter-state control is directed. During the war joint purchase, and an allocation of tonnage and supplies on joint agreement have been proved possible; and doubtless for the readjustment to peace, if any danger similar to those of war are encountered, the same kind of inter-state organization will be used. Indeed an adaptation of such organization to the needs of the transition has already been achieved.

Finally, the readjustment of industry to peace conditions is only a part of the whole problem which has been called the problem of reconstruction. Political progress does not necessarily take place only by slow accretions. There may be sudden imitations of social structure; and even habits and customs may, in certain crises, change suddenly.

A crisis appears now to be imminent. Violent changes have already occurred in certain countries; and undoubtedly the peoples of the world expect more than a mere restoration of the pre-war situation. But the policy which seems most likely to be progressive will allow for the fact that it is impossible to transform the whole basis of economic and social structure during a time of transition. The problems of the transition will have to be dealt with as ephemeral; and yet the method used should not prejudice the possibilities of larger and more radical measures of reform and reconstruction when we approach the task of organizing on a permanent basis the happiness of the peoples and the peace of the whole world.